

**State of Nebraska
Department of Labor
CAP Monthly Progress Report
For Period ending June 2011**

Submitted July 18, 2011

Audit Finding No. 24-09-553-03-001 Finding Number 1 (08-23-01) - Bank Reconciliations (Pages 95-96)

As previously reported in the April/May CAP Monthly Progress Report, the Nebraska Department of Labor, (NDOL), Financial Services Division (FSD), Treasury Supervisor has completed the documentation that the Treasury section is following for the bank reconciliation process. The Treasury section performs a daily reconciliation of the outstanding checks under the Unemployment Insurance program. Attached is a sample of the bank reconciliations which were performed following the prescribed procedures.

See Attachment Bank Reconciliation.

[Bank Reconciliation](#)

Audit Finding No. 24-09-553-03-001 Finding Number 3 (08-23-03) - Allowability and Cash Management (Pages 109-110)

NDOL has established procedures for business unit set up. We are in the process of having Grant Authorizations checks in the system for most of the business units. Although all of the new business units were set up with budget authority caps, some of them have had to be removed for WIA due to the backlog of cleanup efforts caused by the old business units. We are in the process of working on the last six months; once those are complete then all information will be subject to the Authority Cap logic. The attachment contains our procedures for business unit set up.

See Attachment Guide for Business Unit Set up.

Also during the month of June we have completed the review of the additional issuances for WIA. Throughout the year there were multiple movements of the funds available at the state level, moving those funds to the local level and various local area moves. NDOL FSD completed our review of the issuances and loaded the information adjusting the authorization amount for the allotments. However, in the case of a local area allotting Dislocated Worker monies to Adult, NDOL set up an entirely new business unit in order to properly segregate the dual role of Federal reporting these funds as Dislocated Worker versus being able to segregate these dollars which are really for Adult expenditures.

NDOL Treasury has compiled a snapshot of the amount of draws and the corresponding expenditures for the month of June 2011.

See Attachment Draw Revenue Expense

[Guide for Business Unit Set up](#)
[Draw Revenue Expense](#)

Audit Finding No. 24-09-553-03-001 Finding Number 5 (08-23-05) - Reporting Pages (Pages 113-114)

A timeline was established to pull in the information based on CFDA numbers. NDOL spoke with the auditors, about a correct starting point. Previously the report which NDOL had was not broken out by the state from ARRA and Non ARRA. Last year after speaking with the ARRA compliance monitor it was proposed NDOL back into the ARRA number. This year NDOL is investigating if there is a more systematic approach for obtaining the starting number.

Also in the previous two years the directions to obtain the UI portion of ARRA was not tested by NDOL FSD. The Controller and the UI Lead Accountant met with IT to develop the parameters for the report which breaks this information out. This was based on conversations NDOL had with US Regional office employees. Attached is the proposed timeline for submitting correct numbers for the Schedule of Federal Expenditures.

See Attachment SEFA Preparation Time Line.

[SEFA Preparation Time Line](#)

Audit Finding No. 24-09-553-03-001 Finding Number 6 (08-23-06) - Reporting/WIA (Pages 114-116)

NDOL arranged a conference call with independent area financial persons to work through the accruals and other accounting issues. The local area is considering ways to capture the accruals in some manner. The resolution was NDOL will process the draws and will continue to work with the local areas to provide a reconciliation method to the entities general ledger. NDOL has sent on to the independent local area a reconciliation it performed on the month of April for one of the grant funds.

See Attachment Lincoln April 2011 WIA Adult Reconciliation.

[Lincoln April 2011 WIA Adult Reconciliation](#)

Audit Finding No. 24-09-553-03-001 Finding Number 7 (08-23-07) - Period of Availability/WIA (Pages 116-117)

Due to the moves required by the Greater Nebraska local area as well as several end of period moves, NDOL FSD has not completed the transfers. However, there are only two outstanding items at the present time. One is the moves from January – June 2011 and the other is any new business units which may have housed expenses for prior to 2009. Once the moves are done then we will be able to take full advantage of the capabilities of E-1.

These new business units have two (2) important functions: budgets are established in the authorized amounts; and a cap or limit on the authorized amounts is put into place. Authorized amounts are being tied to the NOA and any subsequent issuances when there are additional funds available.

Audit Finding No. 24-09-553-03-001 Finding Number 11 (08-23-11) - Allowability/WIA (Pages 121-122)

Client files were reviewed on June 28, 2011. There were 73 clients who were enrolled in an Occupational Skills Training (OST) funded through WIA, but did not successfully complete the program from July 1, 2010—March 31, 2010. Of the 73 clients, 8 files were reviewed. Files were reviewed for the following areas:

- Client signed Student Orientation Agreement (indicating their knowledge of the expectation to repay WIA funds). Up to 3 possible points.
- Documentation of attempt to request reimbursement of funds. Up to 3 possible points.
- Number of attempted contacts/type of contact. Up to 3 possible points.
- Appropriate documentation. Up to 3 possible points.

Results:

- 3 files = 12/12 possible points
- 1 file = 11/12 possible points
- 1 file = 8/12 possible points
- 1 file = 6/12 possible points
- 2 files = 3/12 possible points

Overall:

- Total client points: 67/96 possible points = 70% success
- All files reviewed contained a client signed Student Orientation Agreement
- There were 2 files that showed on attempt to recover WIA resources (funds or materials)
- A staff training and development session will be conducted with staff on August 1, 2011, to review OET Policy 06-2009, and appropriate methods of documenting the attempts to recover WIA resources.

Audit Finding No. 24-10-554-03-010 Finding Number 1 (09-23-01) - Allowable Costs/Cost Principles (Pages 112-118)

NDOL was to have completed meeting with an E1 expert on the allocation process. Although we did meet with DAS contracted consultant on several occasions during the month of June, there was no progress. It was later discovered the consultant we were using was being utilized by his previous engagement. Below is an explanation from DAS on the issue as well as an update of where we are at.

State Accounting obtained a JDE expert consultant in May to help the Department of Labor with Corrective Action Plan items regarding the E1 system. The consultant's availability was sporadic and finally brought to State Accounting's attention June 17 the consultant would no longer be available for the project at the State of Nebraska.

State Accounting is working with the OCIO to acquire a new JDE consultant with long term, onsite availability through the Covendis Contract. Requisition of these services have proven to be extensive and time consuming. State Accounting's goal is to have the position filled and onsite no later than Monday July 25, 2011.

As submitted to Debbie Kay Ward, Controller on July 9, 2011 by Lacey H. Pentland Business Technology Support & Controls.

Audit Finding No. 24-10-554-03-010 Finding Number 2 (09-23-02) - Allowable Costs/Cost Principles (WIA/UI/ES) (Pages 118-120)

NDOL trained all staff in time reporting procedures. See Attachment Time Entry Training Attendance Records, which documents staff participation.

NDOL outlined time reporting procedures in the NDOL Policy Manual, which is made available to all staff on the intranet. The Time Entry Policy describes employee responsibility for accurate after-the fact time distribution to the proper time charge codes and supervisory responsibility for maintaining accurate time records and verification of timecards. See Attachment entitled Time Entry Policy.

[Time Entry Training Attendance Records](#)

[Time Entry Policy](#)

Audit Finding No. 24-10-554-03-010 Finding Number 8 (09-23-08) - Allowability and Cash Management (WIA) (Pages 132-134)

NDOL, FSD staff met with State Procurement and State Accounting - E1 Personnel on June 10, 2011 to gain an understanding of the E1 Procurement module and its current functionality. On July 6, 2011 NDOL FSD staff met with State Accounting - E1 Personnel to clarify outstanding questions and confirm the system creates an encumbrance, at the time a purchase order is entered in E1.

As stated before, NDOL FSD staff created a manual encumbrance by way of journal entry for the Geo Solutions invoice. It was determined the manual encumbrance, per State Accounting, would not rollover at year end.

Below is the submission of the purchase order functionality as documented by Kay Mencl, IT Business Analyst Coordinator.

Findings:

- Purchase orders create an encumbrance at the time of order entry. (A valid financial obligation for a fiscal period for which appropriations are reserved to meet that financial obligation.) Purchase orders automatically create a record in the "PA" Encumbrance Ledger. No manual ("PB" Encumbrance Ledger) work around is required. We can encumber at the time of the purchase order creation to multiple funds.
- E1, through account distribution, allow funds to be distributed across multiple G/L Accounts. This functionality allows NDOL the ability to define multiple expense accounts and multiple funds and multiple business units for a single procurement line item. This process automatically encumbers funds at the time the Purchase Order line is created and the funds are distributed.
- When a purchase order line has account distribution, the system creates the AE, (Automatic Entry) against the fund for the first line of coding. When the purchase order is received, cash will settle between the fund of first line of coding and any other funds involved rather than settling at the time of payment.
- This process is currently not being used by NDOL.
- NDOL reviewed the Grants process; Y document types. The Grants process uses account distribution, automatically encumbers funds at the time the purchase order is created, and rolls over purchase orders at the end of each fiscal year. However there is an issue in that it impacts cash sooner, at time of receipt not at time payment which may cause a cash flow issue. Possible work around include a change in the work flow, or a process whereby the receipt rests in pending until it due for payment. Additional options are being looked at to compensate for this artificial cash request.

Audit Finding No. 24-10-554-03-010 Finding Number 9 (09-23-09) - Cash Management (UI) (Pages 134-136)

Effective with January 2011, all daily UI draws are reviewed before the draw is requested from the Automated Standard Application for Payment. The following steps are performed by the Treasury Supervisor:

- Compare the Daily Accounting Journal to the Draw Request Document.
- Check for input accuracy such as correct program, child support, tax withholding as well as net payroll.
- Verify the voids and adjustments.
- Verify refunds due to collection of benefit overpayment.
- Verify cash receipts from claimants of benefit and verify payments.
- Verify spreadsheet calculations from each program submitted and bank destination.
- Verify the Daily Accounting Journal to the Check Register. If necessary, adjust the information from the Daily Accounting Journal to reflect the variance.
- Verify ASAP confirmation to the Draw Request Document.

In order to complete the process for the year, although a retrospective review was performed from Dec. 2009 through August 2010, the Treasury Supervisor developed a more refined process. This process was then applied

retrospectively to July 2010 on.

See Attachment Daily Draw Process.

[Daily Draw Process](#)

Audit Finding No. x-x-x Finding Number 4 (10-23-04) - Allowability and Eligibility (Pages 136-138)

NDOL is coordinating communication with the Training Providers, specifically Community Colleges, to determine the most reliable method of obtaining Pell award status information for clients. Greater Nebraska administrative staff is meeting with the other WIA local area staff on July 14, 2011 to determine their methods for Pell Grant tracking as local areas. The training for the Pell Grant form will be conducted on August 1, 2011 at the WIA Staff Development Session.

Audit Finding No. x-x-x Finding Number 9 (10-23-09) - Suspension and Debarment (Pages 150-151)

NDOL utilizes the EPLS maintained by the GSA to verify all vendors and subrecipients receiving more than \$25,000 to ensure they are not suspended or debarred from receiving federal funds. The Attachment entitled EPLS Queries and Results documents this practice.

[EPLS Queries and Results](#)

Additional Requirement Number 1: Recording and Reporting Obligations

NDOL, FSD staff met with State Procurement and E1 personnel on June 10, 2011 to explain our issues. NDOL FSD staff met again and they have confirmed open commitment are registered when the purchase order is first set up. NDOL can use the obligations off the system without a manual work around as in the example of the Geo Solutions invoice. As stated before, NDOL FSD staff had booked by way of journal entry the encumbrance for the Geo Solutions invoice. As stated previously there is a problem in with this, in that DAS would like all encumbrances or commitments to be off the system at year end. However it does seem that if we use the correct line item coding for the split or shared costs, we could have the encumbrance pulled into the system. There is also another option currently being investigated. There is a grants process which would allow us to encumber the funds at receipt; however the receipt would in essence need the cash immediately regardless of payment date. This process is currently not being used by NDOL. Additional options are being looked at to compensate for this artificial cash request.

Additional Requirement Number 2: Cash Management

Due to the issue of the consultant, we have not been able to test and modify the reports. Several items were due to NDOL. NDOL has had multiple short conversations with State Accounting Division and a consultant, to look at accuracy in the report for draws. At those discussions the State fund was brought up. NDOL is requesting what type of information DAS could provide to NDOL. Several items impact cash and as NDOL is uncovering them, the Treasury department is implementing this information into their reports for cash draw those items, which may not have been correctly reported. This would include such items as the purchase card. Now NDOL Treasury is

notified of the amounts which DAS will be posting on NDOL behalf.

See Attachment Purchasing Card Process.

[Purchasing Card Process](#)

Additional Requirement Number 3: Accounting Staff Vacancies

NDOL has had three permanent positions approved in the last two weeks. The Accountant I for UI is posted and on the website. For the Accountant II position, NDOL will first look at resumes which were used to hire the Treasury draw Accountant II, in an effort to fill this position as expeditiously as possible.

NDOL also received word the Assistant Controller is also approved. This position will be key to having many of the daily processes fall off the Controller and Project Teams desk so they can focus on moving ahead. We will be placing an ad for this position in the next two weeks.

For temporary positions we have approval for the Federal Aid Administrator. NDOL has a candidate lined up, and she is starting July 25, 2011. It will be crucial to have someone in so they can train on the upcoming 9130 process.

See Attachment Organization Chart.

[Organization Chart](#)

Additional Requirement Number 4: Correction 9130 Reports for October 30, 2010 and December 31, 2010

NDOL FSD has received the answer that if NDOL does establish open commitments manually, they will not carry forward into the next State fiscal year, and are utilized for budgetary issues only. In order to refile the reports for September 30, 2010 NDOL has requested the reports are re-opened. At that time the obligations will reflect only three items, two Geo Solutions invoices as well as the ECM invoice. In December it appeared since the additional expenses were not allowed due to the lack of obligational commitment, NDOL will need to refile the regular Wagner Peyser expenses. These expenses were not allowed to be reported under ARRA Wagner Peyser even though they were for the period, due to the lack of obligational commitment. The expenses during this period were housed in the ARRA Wagner Peyser business unit. Once we have moved these expenses and can report Wagner Peyser correctly, NDOL will adjust the draws to reflect the expenses which should have been shifted out of ARRA Wagner Peyser and ARRA Reemployment Services and into regular Wagner Peyser. NDOL will then file for both the March 31 as well as the June 30.

Additional Requirement Number 7: Managing Expiring Funds

NDOL has met with the Executive and Program Director's and walked through various available funds. Throughout the process several pools of expiring Grant monies were presented. Strategies were developed to utilize the greatest number of these dollars as possible. NDOL also held a conference call with HWS and their fiscal agents and provided them with options on the funds they had available to them.

See Attachment WIA Available Funds.

[WIA Available Funds](#)

Additional Requirement Number 8: Overspent WIA Youth Funds in Greater Nebraska

FSD has moved all approved amounts, however, there was still a shortage, due to invoices coming in after the proposal for expensed incurred prior to the date. NDOL is working with Program personnel and the additional expenditures are to be reallocated based on co-enrollment. However this has delayed shifting the expenditures in the proper business units. At present time the focus will be to move all Jan – June expenditures to the correct business units. This will allow NDOL FSD to obtain a clear picture of the additional liabilities which need to be recognized as Greater Nebraska Youth Funds.

The Greater Nebraska Local Area continues to work with NDOL Finance Office to offset the GN WIA Youth funds deficit. Greater Nebraska has co-enrolled 198 youth, ages 18—21, to allow the previous youth charges against them to be offset by GN WIA Adult funds. Greater Nebraska accessed PY11 Youth funds to cover In School and Out of School youth expenses incurred after April 1, 2011. Financial information based on the federal quarterly report through March 31, 2011 was shared with the GNWIB at their full board meeting on June 9, 2011.

Additional Requirement Number 9: NEworks

On June 23, 2011, the NDOL State MIS system, NEworks, was upgraded to Version 11.1. Nebraska was the first Version 11 customer; Version 11.1 has many additional enhancements including:

- reorganized staff screens with expansion options
- external document storage capability
- additional job search criteria
- additional staff alerts for program management
- page service tracking
- enhanced resume builder with addition of tables
- additional report filters

The attached power point provides additional details of the enhancements.

The vendor of NEworks, Geographic Solutions, sponsored a technology conference the week of June 6-9, 2011; Joan Modrell and Angela Hansen-Kruse attended. There were three days of break-out sessions related to Unemployment Insurance, Employment Services, and Labor Market Information. One session focused specifically on reports and was presented by Pam Johnson who is the Senior Reports Developer for Geographic Solutions. She shared that there are currently 340 reports available to monitor and track data in the system with ten new reports under development. Additionally, each report contains up to 30 filters that allow staff to select specific criteria for each reporting result. On the final day of the conference, the customers were given the opportunity to vote on the development of proposed enhancements suggested by end users. The agenda for the conference is attached.

Preparations have begun for 4th Quarter reporting for PY2010 that are due on August 15, 2011.

[NEworks Upgrade PowerPoint](#)
[2011 Conference Agenda](#)

Additional Requirement Number 10: OJT NEG Grant

During this report period, NDOL has provided the following technical assistance support to the local areas:

The state participates via phone conference call with the Greater Nebraska OJT-NEG field staff and management. These phone calls identify issues, concerns, and progress associated with the implementation of the OJT-NEG Grant. These conference calls occurred on 6, 13, 20, and 27 of June.

On June 29, 2011, NDOL hosted a two hour meeting in Lincoln with all local area grant managers to discuss the current progress on obtaining the goals set during the April 27, 2011 meeting. Issues and best practices concerning the implementation of the OJT-NEG grant were also discussed.

Semi-monthly progress reports for each local area and the state are provided to Ms. Rochelle Bradley, ETA Region V. These reports are attached.

The June 30, 2011 report has been modified. Specifically, column two now reflects the number of clients interviewed by potential employers. Previously this column documented the clients enrolled. This change in reporting provides an accurate number of the interviews clients have participated in.

[State NEG-OJT Semi-Monthly Report, 6.30.2011](#)
[OJT-NEG Goals, Greater Nebraska, 6.29.2011](#)
[OJT-NEG Goals, Lincoln, 6.29.2011](#)
[OJT-NEG Goals, Tri-County, 6.29.2011](#)
[State NEG-OJT Semi-Monthly Report, 6.15.2011](#)

Additional Requirement Number 11: Internal Management Reports

Additional Requirement Number 12: WIA Statewide Activities

The State has received, from USDOL, approval of its PY11 plan modification. No further action will be taken on this finding.